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LETTER DATED 29 NOVEMBER 1999 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to present hereunder Iraq's comments on your report dated 12 November 1999 on the implementation of phase VI under the memorandum of understanding of 20 May 1996 and the oil-for-food programme (S/1999/1162).

I. GENERAL OBSERVATIONS

In our letter dated 11 September 1999 (S/1999/968), we stated Iraq's objections to the approach adopted in preparing the reports of the Secretary-General on the implementation of the memorandum of understanding and the oil-for-food programme, an approach that is marked by selectivity and a preference for negative political formulations and one that ignores many of the facts concerning the shortcomings of the programme at a time when all aspects of the humanitarian situation in Iraq are in decline owing to the maintenance of the general sanctions imposed on the country on 6 August 1990. Most regrettably, the report of 12 November 1999 on the implementation of the memorandum of understanding adopts the same biased approach as before. Some examples that support this conclusion are given hereunder.

1. The report lacks an objective approach to evaluating the repercussions of the implementation of the programme on the overall humanitarian situation in Iraq in that it neglects to make a comparative analysis of the present situation and the situation in the relevant sectors as it was prior to the imposition of sanctions and in that it ignores the cumulative impact of the sanctions on all the economic, social and cultural aspects of life for the Iraqi people, including future generations.

2. The procedure stipulated in paragraph 11 of Security Council resolution 986 (1995), requiring the report to be prepared on the basis of consultations with Iraq, has not been followed.

3. The report does not refer in an unambiguous and precise manner to the adverse impact that the holds placed on contracts by the United States and the United Kingdom have had on the implementation of the programme and on the humanitarian situation in Iraq in general, and it does not speak of the mendacious pretexts cited by the Americans and the British in order to justify

the holds placed on contracts for food and medicine and other humanitarian items. These include the pretext that many civilian items have dual-use possibilities, and examples include electricity generators and water pumps and the related spare parts as well as medical equipment (contracts 50789, 50877, 600109 and 600333). The programme itself is nevertheless persuaded that these contracts fall within the requirements of the memorandum of understanding and are for items included in the distribution plan, and it has submitted them for approval to the Security Council Committee established by resolution 661 (1990) (the 661 Committee) as having met all of the conditions.

4. It is stated in subparagraphs (c) and (d) of paragraph 2 of annex I to the report that the sum of $125.4 million "had been allotted to cover the operating expenditures of the Compensation Commission" and the sum of $382.9 million "has been allocated for the operational and administrative expenses of the United Nations". This means that the administrative expenses of the United Nations associated with the implementation of Security Council resolution 986 (1995) have exceeded half a billion dollars. The programme's exorbitant administrative expenses and the other extravagant deductions are depriving Iraq of a significant portion of its revenues at the time it most needs them to rebuild the infrastructure destroyed by military aggression and by the general sanctions that have been maintained for more than nine years.

5. The report neglects to mention the 661 Committee's inability to improve its procedures and facilitate the implementation of the programme because of the extremist interpretations given to them by the representatives of the United States and the United Kingdom. These flout Iraq's rights, whether with regard to its entitlement to request companies to post performance bonds, or in connection with expediting the procedure for reimbursements between the 13 per cent account and the 53 per cent account or on other matters.

6. The report does not refer to the great damage being caused by the lengthy and complex procedures or to the delays in the processing, submission and implementation of contracts that have led to the accumulation of more than $5 billion in cash in the Iraq Account at a time when these funds must be spent immediately or as quickly as possible in order to pay for contracts for humanitarian items.

7. The report ignores the issue of the use of depleted uranium against Iraq by United States and British forces, the environmental and health catastrophe that it has caused and the repercussions it has had on public health in Iraq and, in particular, on Iraqi children. The programme has given no thought to any effort to help rid Iraq's environment of the effects of a radioactive weapon that is killing tens of thousands of Iraq's children every year and that will have enduring consequences for future generations.

II. DETAILED OBSERVATIONS BY SECTOR

1. Health

(a) The statement made in paragraph 31 of the report to the effect that the Ministry of Health had failed to provide escorts is inexact. The Ministry

organizes the monitoring process undertaken by United Nations observers in a systematic manner, in accordance with the schedules submitted by the Office of the Coordinator of the Humanitarian Programme on a periodic and ongoing basis for visits to warehouses, whether in Baghdad or the other governorates, and for visits to all health facilities in all parts of Iraq. In connection with the observations made concerning the Multidisciplinary Observation Unit, no formal request was received from the Unit for a visit to the central warehouses in Baghdad. They telephoned for an escort to be provided for a visit scheduled to take place on the same day as the telephone call. This was not reasonable, because no escorts were available at that moment. The Unit was therefore told to send a formal letter with a request to visit the warehouses so that escorts could accordingly be provided on the day of the visit. It should be noted that the Unit failed to send a formal letter designating the date and destination of the requested visits, as is the practice of the Geographical Observation Unit.

(b) With regard to the statements made in paragraph 46 of the report concerning shortages of medical equipment, we confirm that there is a great need for medical and services-related equipment and other supplies for our health institutions. In view of the high cost of these items and given that the amounts allocated to the health sector in each phase have not been sufficient to pay for all of Iraq's needs in terms of medicines and medical and services-related equipment and supplies, the Ministry of Health has endeavoured to secure the aforesaid items throughout the various phases under the memorandum of understanding in accordance with priorities established with a view to meeting all immediate needs. According to the observers, the distribution of medical equipment was held up for four months in the central warehouses. The situation is that the medical equipment delivered to the warehouses has to undergo various processes of evaluation by committees of medical and engineering specialists, it requires accessory equipment, and technicians and operators must be trained. Some such equipment also requires pre-installation preparations, such as the laying of water and electricity connections, and this sometimes requires the presence of experts from the suppliers. Because the Ministry of Health needs this equipment for its medical facilities, it makes a diligent effort to shorten the time needed to complete the requirements indicated above.

(c) Paragraph 46 of the report also states that the 50:50 ratio established between drugs and medical equipment should be fully implemented. The requirements of the health sector for drugs and for medical supplies are, of course, interlinked. What use would it be to secure drugs in the absence of the equipment that helps in the diagnosis of illnesses? What would be the use of laboratory diagnosis in the absence of the equipment and supplies needed to conduct surgical procedures? Is it possible for patients to stay in hospitals, in a climate such as Iraq's, if heating and cooling supplies are not available? Is it possible to benefit from drugs when there are no storage or distribution facilities to deliver them to the end-user? This situation requires that the Ministry of Health should be given a degree of flexibility in disbursing the funds allocated to the health sector without being restricted by predetermined ratios so that the health services provided to citizens can operate in an integrated manner.

(d) As indicated in paragraph 49, diagnosed cases of polio in Iraq are still on the rise. The total number of reported cases is 55. Thirty were

diagnosed as confirmed cases by the national polio laboratory and have been further confirmed by the World Health Organization (WHO) reference laboratory in Cairo. For 22 cases the virus was isolated in our laboratories, and corroborating results have yet to be reported by the WHO reference laboratories. The three remaining cases have been classified as polio on the basis of clinical diagnosis. We should like to state that the reports sent by the Ministry of Health to WHO and UNICEF show that routine immunization coverage of infants in their first year of life declined during 1998 and 1999, and this fact was confirmed by the field survey conducted by Ministry staff in December. This situation has been caused by the suspension of operations by the mobile teams for lack of vehicles, repeated disruptions in the electricity supply, the shortage of cold-chain equipment and the lack of spare parts - all owing to the circumstances created by the general embargo - and by the delayed shipment of vaccines by suppliers as a result of the complex procedures for processing contracts under the memorandum of understanding. As urgent measures to remedy this situation, the Ministry of Health conducted two rounds of national immunization days using polio vaccine. The first round was conducted on 4, 5 and 6 October 1999 and the second on 8, 9 and 10 November 1999. The second round was followed by a field survey using the WHO cluster sampling technique in order to gauge the level of coverage after the completion of the two rounds. The data and statistics obtained in the survey will be analyzed at a subsequent stage.

(e) Concerning the distribution network, mentioned in paragraph 51 of the report, we should like to state that the adequacy of the network depends on the availability of vehicles, storage-related supplies and communications. The Ministry of Health has endeavoured to improve the efficiency of the network by securing the required supplies from local sources or concluding contracts under the memorandum of understanding. Because most such supplies are not available from local sources and because the representatives of the United States and the United Kingdom in the 661 Committee are impeding the approval of contracts relating to this sector, the orderly distribution of medicines and their delivery to end-users have been adversely affected despite timely and sustained efforts to secure the items necessary to improve performance by enhancing the efficiency of warehouse handling and expanding the distribution network.

2. Water and sanitation

(a) The report states (in paragraph 54) that the rate of water production has improved in 64 per cent of water treatment plants, 35 per cent of water compact units and 21 per cent of water booster stations. These figures indicate that the rate at which water production has improved in water compact units and water booster stations has been slow. This is because a large number of the relevant contracts have been placed on hold, including the contracts for ductile piping under phases IV and V (Nos. 4771 and 50847) and the contract for the supply of spare parts for water compact units (No. 5877). These are examples of the pending contracts to which reference was made in the UNICEF report of 12 August 1999. The representatives of the United States and the United Kingdom in the 661 Committee have held up contracts for this sector, which is one of a humanitarian character, that are worth a total of more than $60 million and which include 16 contracts for supplies that are essential and basic to the

maintenance of existing water treatment plants and water compact units throughout Iraq.

(b) The report does not address the ongoing deterioration of drainage and sanitation networks, the great number of blockages and subsidences they contain or the breakdown of principal and secondary stations. The representatives of the United States and the United Kingdom in the 661 Committee have placed on hold a contract for the importation of sewer cleaning equipment under phase IV (No. 4723) and a contract for the supply of diesel pumps (for sewers) under phase V (No. 50861). These items are essential for sanitation and the cleaning of sewer networks.

(c) The delayed approval of contracts, in a process that takes between six months and one year, has been a major factor in causing a number of companies to default and to be unable to meet their obligations owing to the intervening worldwide rise in oil prices and the consequent rise in the prices of inputs to manufacturing. All of this subsequently leads to contracts remaining unfulfilled and to the disruption of the programme for the rehabilitation of water treatment plants in this important humanitarian sector.

(d) The low figures given in paragraph 53 indicate the ratio between quantities of supplies contracted and quantities delivered, clearly demonstrating the inefficiency of the present system under the memorandum of understanding. Since this sector is a dynamic one in terms of its needs, the ranking of priorities will always be subject to piecemeal adjustments that require a rapid reaction. The present system clearly does not allow this. The levels of the percentages of supplies being held in warehouses are due to the need to maintain a minimum stock for cases of extreme emergency requiring extraordinary intervention on the part of the authorities responsible.

(e) The main reasons that the stocks of chlorine maintained by the Baghdad Water Authority are adequate for less than one month, as indicated in paragraph 55, while they should be sufficient for not less than six months, are the evident dilatoriness in the supply situation, the extreme inadequacy of local output, the nature of the contracts concluded under the programme (which prevents the application of contractual sanctions to suppliers that do not abide by the terms of the contract) and the complexity of the procedures for the receipt, storage and use of this item, given that it is included in the schedule of dual-use items. The preliminary treatment stage is currently being suspended because consumption is being rationed to the maximum extent possible.

(f) Further to the information given in paragraph 56, it should be said that tests conducted by the Environmental Protection and Improvement Agency, the body legally responsible, show that the percentages for contaminated samples in many governorates, including Baghdad, have continued to be much higher than the permitted 5 per cent limit. There are two major reasons for this: the shortage of chlorine and the consequent shortcomings in the water treatment process, as mentioned in the previous paragraph; and the increased percentages of contaminants in untreated water.

3. Electricity

(a) With reference to the information given in paragraph 64, daily power cuts have now exceeded an average of 12 hours in the governorates and the number of consumers in all governorates with no electricity supply is 150,000, reflecting the state of deterioration in the sector. Among the reasons for this are the fact that the representatives of the United States and the United Kingdom in the 661 Committee have held up many contracts for spare parts for the sector on the pretext that they are "dual-use" items and on other flimsy grounds.

(b) The 700 megawatt net potential increase in power generation mentioned in paragraph 65 of the report is not factual. This is for the following reasons:

It is not possible to take readings at two different times, one at the beginning of a phase and the other at the end, and at a randomly determined time, and the average output of each station for the months of any current phase under the memorandum of understanding must be used instead;

The actual increase for the Bayji, Nasiriyah and Musayyib stations, as an average for the five months June to October, was a total of 100 megawatts according to the reports confirmed by Iraq;

The increase achieved came from the operation of Unit 1 at Musayyib, which was brought into operation using temporary expedients and by local efforts. The Unit's turbine was, however, damaged after three months of operation and the Unit is out of service while awaiting the arrival of spare parts;

The refitting work and the spare parts requested in various phases under the memorandum of understanding have helped to halt deterioration in some generating stations, but there has thus far been no clear and steady increase in generating capacity.

4. Transport and communications

(a) Paragraph 41 of the report refers to one application for the railway sector (No. 50891) that has been approved. It makes no reference to the 19 other contracts that have been pending or on hold for some time. The delayed approval of these contracts has an obvious impact on the repair of rolling stock and consequently on the speed with which items under the memorandum of understanding can be distributed, given that transport by rail is the cheapest and most assured method of delivery to the consumer.

(b) No reference is made to the 21 contracts for the communications sector, all of them pending, despite the fact that United Nations agencies and technical programmes have carried out field visits and have been given the clarifications requested concerning the need for the contract items and their importance for the implementation of the memorandum of understanding.

5. Education

(a) Paragraph 68 of the report refers to the fact that vocational education continues to suffer from a lack of equipment, computers and vehicles and a shortage of spare parts. It states that the Ministry of Education printing press is producing at less than 10 per cent of its installed capacity and that UNICEF is seeking to assess the need to enhance its production capacity. Regrettably, the report does not explain the main reason for the emergence of this problem, namely the dilatory approval of contracts and the holds placed on them by the United States and the United Kingdom. The United States and United Kingdom representatives are well known for their position of rejecting the overwhelming majority of contracts for the supply of computers to all Iraqi institutions and for all applications.

(b) Paragraph 70 of the report refers to the lack of basic requirements for higher education (journals and computers) but does not diagnose the reasons or recommend a remedy.

6. Agriculture

Paragraph 59 indicates that some 460,000 sheep, goats and cattle have died because they could not be vaccinated against disease. It does not, however, give the reason for these losses, namely delay or failure to approve the processing of contracts for veterinary vaccines on the part of the representatives of the United States and the United Kingdom in the 661 Committee.

I should be grateful if you would have this letter circulated as a document of the Security Council.

(Signed) Saeed H. HASAN
Ambassador
Permanent Representative